



STATISTICS

BPM6 Update: A Better Understanding of the Role of Direct Investment

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Arabic Statistics Initiative: Arabstat

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Outline

- **Task Teams for updating the standards**
- **Direct Investment Task Team (DITT) recommendations**
- **SPE data collection**
- **Arabstat countries reporting to CDIS**

Task Teams for Updating the Standards (*BPM6 & SNA*)

- Task Teams have been formed to research issues and make recommendations for the update of the International Statistical Standards
- Balance of Payments Committee (BOPCOM) Task Teams
 - **Direct Investment Task Team (DITT)**
 - Current Account Task Team (CATT)
 - Balance of Payments Task Team (BPTT)
- Joint BOPCOM and ISWGNA Task Teams
 - **Globalization Task Team (GZTT)**
 - Financial and Payments System Task Team (FITT)
 - **Informal Economy Task Team (IETT)**
 - **Islamic Finance Task Team (IFTT)**
 - Communications Task Team (CMTT)
- <https://www.imf.org/en/Data/Statistics/BPM>

Role of the DITT

- **Provide technical inputs and make recommendations through Guidance Notes (GNs)**
- Addresses current account issues on the Committee's research agenda
- In addition, DITT may consider other current account methodological issues raised by its members and by the other TTs relevant for the BPM6 update
- **DITT will operate during Phase I of the BPM6 update process (March 2020–March 2022)**
 - DITT may be consulted during Phase II (drafting of BPM7 chapters)
- To meet deadlines and avoid duplication, DITT will:
 - Take account of current or completed work on topics related to issues under its purview
 - Coordinate with other Task Forces or Working Groups on cross-cutting issues
- **GNs posted for public consultation before going to the Committee for decision**
 - For certain recommendations, a testing phase is envisioned after it is approved

Description of the DITT



**OECD (WGII
Chair) and IMF
co-chair**



**Membership
representing
countries with
varying levels
of statistical
development;
IOs**



**Coordination of
work on cross-
cutting issues**



**Review of
guidance notes
by BPTT and
WGII (and AEG
when relevant)**



**Public
consultation for
4 weeks**



**To the BOPCOM
for decision
(and AEG for
joint GNs)**

Global & Collaborative Initiative

DITT Recommendations: Sectoral Breakdown and Ultimate Investing Economy

- **No major changes to the definition of Direct Investment**
- **GN D.7 Sectoral Breakdown of Direct Investment**
- Recommends replacing the current breakdown in the standard tables that reconciles the asset/liability and directional presentations of DI statistics with a sectoral breakdown
 - Central Bank, Deposit-taking Corporations, General Government, and Other Sectors
 - Matches other functional categories of investment
 - Enhance analytical usefulness of the data (support balance sheet analysis)
- **GN D.6 DI Statistics by Ultimate Investing Economy, Ultimate Host Economy, and identifying Pass-Through**
- Recommends a voluntary, supplemental presentation of DI position statistics that:
 - Identifies who ultimately owns or controls the investment, reaps the rewards and bears the risk
 - Reveals financial linkages and interdependencies between economies that are not evident in the statistics by immediate investing economy (Your most important investing partners)

Other GNs

GN D.1 Greenfield Investment and Extension of Capital

- DI can be force for development and economic growth, particularly for investments that support creation of new business enterprises and additional funds to existing ones
- Recommends a method to identify DI transactions for greenfield DI & extensions of capacity
 - Defines greenfield DI and extensions of capacity
 - Practical compilation guidance

GN D.8 Public Private Partnerships (PPPs)

- Public private partnerships are important source of financing for public infrastructure projects
- Recommend that the Updated BPM6 and its accompanying Compilation Guide provide:
 - Guidance on the concepts, definitions, and scope of PPPs arrangements
 - Guidance on determining when there is a DI relationship and the associated DI transactions and positions and how to treat these in the balance of payments and international investment position, respectively
- Practical compilation guidance

Data Collection on Resident Special Purpose Entities (SPEs)

- IMF has just launched its annual collection of data on Resident SPEs
- SPEs are entities formally registered or incorporated in an economy that have
 - Little or no employment
 - Little or no physical presence
 - Little or no physical production
 - SPEs are foreign-controlled—thus, they fall within the DI population
 - SPEs are established to obtain specific advantages, such as lower taxes or regulations and access to capital markets or sophisticated financial services
 - SPEs typically transact almost entirely with non-residents
- By excluding DI to and from resident SPEs, you can obtain a much better measure of the DI into an economy that is having a real impact
- Assess your institutional environment to determine if you host SPEs
- One Arabstat country has committed to reporting this year
- Very important initiative for the IMF—offering technical assistance to help economies report

IMF: Coordinated Direct Investment Survey (CDIS)

- Worldwide collection of data on DI positions by immediate investing country
- Goals:
 - Improve availability of DI position data
 - Improve quality of DI position data (mirror data)
 - Support analysis
- In 2020, more than 110 economies reported inward positions by partner economy
- At one time or another, 8 Arabstat economies have reported to the CDIS
 - 6 reported in 2020
 - Greater reporting would enhance transparency and provide insight into regional and global integration
 - Mirror data can provide information to partner economies that cannot participate in the CDIS
 - IMF can support through technical assistance

Thank you for your time and attention

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